

# Office of the State Controller

## Alert # 186



TO: Controllers and Chief Fiscal Officers of State Departments and Higher Education Institutions and Boards

FROM: David J. McDermott, State Controller *David J. McDermott*

DATE: August 4, 2009

SUBJECT: American Recovery and Reinvestment Act (ARRA) Policies and Additional ARRA Grant Tracking Requirements

---

### **Additional ARRA Policies and Grant Tracking/Reporting Requirements**

#### **General Information**

The Colorado Economic Recovery and Accountability Board (CERAB) staff, the Governor's Office of Information Technology (OIT), and the Office of the State Controller (OSC) continue to design the data accumulation and reporting system for ARRA; at the same time additional guidance has become available from the President's Office of Management and Budget (OMB). The OSC is finalizing provisions for ARRA contracts and Purchase Orders entered into by the state and is preparing a comprehensive description of the state's ARRA process for distribution to program, purchasing, contracts, and accounting staff. The following establishes certain policies and additional coding currently identified as necessary for the implementation. (Note: Prospectively, the term "Internal Recipient" will be used instead of the term "Internal Subrecipient" and the term "Subrecipient" will only be used to indicate payments and grant responsibility passed through to or received from entities outside the state primary government.)

#### **OSC Website of ARRA Information**

The OSC has prepared a website that accumulates guidance, resources, and other valuable information on the ARRA. The website can be found at:

[http://www.colorado.gov/dpa/dfp/sco/contracts/ARRA/ARRA\\_Main\\_Page.htm](http://www.colorado.gov/dpa/dfp/sco/contracts/ARRA/ARRA_Main_Page.htm)

and is located under the Contracts section of the OSC website.

#### **ARRA Section 1512 Reporting Responsibilities**

The State Controller, the Chairman of the CERAB, and the Chief Information Officer have determined that all ARRA Section 1512 data for the state's primary government (as defined for the state's Comprehensive Annual Financial Report) will be reported to FederalReporting.gov (the federal government's ARRA data accumulation website) in a single submission by OIT. **Therefore, no state agency or Higher Education Institution (HEI) is allowed to submit data to FederalReporting.gov except OIT, and agencies and HEI shall not register with FederalReporting.gov.** Current plans are for agencies and HEI's to have two opportunities to review their ARRA data; 1) a report of the data submitted by the agencies will be available on the Financial Data Warehouse (FDW) prior to the state's submission on the 10<sup>th</sup> day of the month following the quarter end, and 2) on the 11<sup>th</sup> day of the month following the calendar close Recovery.gov will show the data submitted to FederalReporting.gov. From the 11<sup>th</sup> day to the 17<sup>th</sup> day, state agencies and HEI's will submit any changes to OIT; OIT will make the corrections and resubmit the state's quarterly ARRA report if state agencies or HEI's submit significant changes. Due to time constraints, the FDW report in 1) above may not be available at the first data submission in October 2009. The policies in this paragraph are driven by the

current information available about limitations in logon and access controls of the FederalReporting.gov system.

### **Use of the Contract Management System for ARRA Data Accumulation**

The primary government of the State of Colorado will use its recently implemented Contract Management System as the repository of most of the nonfinancial ARRA Section 1512 reportable information except for HEIs, CollegenInvest, and the Colorado Department of Transportation. Documentation relating to, and training on the use of, CMS for this purpose will be provided. Due to the eventual sunset of ARRA reporting requirements, all ARRA information entered into CMS will be kept separate from the Senate Bill 07-228 required contracts information by using two unique contract types; 1) PR - Prime Recipient, which must be entered when grant is received, and 2) SR – SubRecipient, which must be entered when the subrecipient contract is executed and updated as additional information becomes available. By segregating these ARRA contract type records from the other CMS records, the integrity of the CMS system will be maintained after ARRA spending and reporting has been completed.

### **Data Validation Requirements**

As noted, the state will report all ARRA Section 1512 Reporting Data Elements to FederalReporting.gov for the state's primary government through a single location in OIT. The state will report the same information on its local website [www.Colorado.gov/Recovery](http://www.Colorado.gov/Recovery) in addition to other ARRA expenditures not required to be reported under ARRA Section 1512, such as, Federal Medical Assistance Percentages (FMAP), Unemployment Insurance, etc. Prime recipient agencies (including HEI's, CollegenInvest, and CDOT) are required to review their information on Recovery.gov between the 11<sup>th</sup> and 17<sup>th</sup> day of the month following the calendar quarter close (referred to by OMB as the first data correction period) and report any needed changes to OIT. State agencies (other than HEI's, CollegenInvest, and CDOT) that request changes to data on FederalReporting.gov must enter matching changes to the PR and SR records on CMS, and HEI's, CollegenInvest, and CDOT must ensure their subsequent submissions to OIT reflect any changes requested of OIT in the data correction period.

### **Requirements to Prevent Duplication of Data**

Recent OMB guidance has stressed that it is the ARRA prime recipient's responsibility to ensure there is no duplication of reporting between prime recipients and subrecipients. This responsibility applies at the FederalReporting.gov level. In order to ensure Colorado will not duplicate ARRA reporting, the State Controller's policy requires that the state will neither delegate responsibility for ARRA Section 1512 reporting to any subrecipient, nor will it accept a delegation of ARRA Section 1512 reporting responsibility from an external prime recipient (that is, any external entity other than the federal government). The implication of this policy is that state agencies are required to gather from their subrecipients the 1512 reporting data elements not commonly known in making the payment to the subrecipient. These elements include, but may not be limited to; subrecipient's Congressional District, predominant place of performance information (state, location zip code, county, location name, Congressional District, area of benefit), officer names and compensation information (when applicable), subrecipient DUNS number, estimates of jobs created or retained (and related jobs narrative), and the subrecipient's vendors' names and related zip codes (that is, vendors paid by the subrecipient). Except for the jobs count and narrative, state agencies (other than HEI's, CollegenInvest, and CDOT) will enter this information into the Contract Management System (CMS) using an SR contract type, which will be linked to the related PR record entered by the Prime Recipient (if one exists in CMS). Another implication of this policy is that state agencies receiving ARRA funds from an entity outside the state's primary government (other than the federal government) will provide the subrecipient data elements information to the external entity from which the state agency received the grant award. When the state acts as a subrecipient (as described in the prior sentence), the COFRS coding requirements (LBLI = SAxxx, or 47xxx to 47999) still apply, but grant information will not be entered into, or reported from, CMS for submission to

FederalReporting.gov. Agencies acting as a subrecipient from an external entity will set the "1512 Reportable" indicator (discussed below) on COFRS to "N".

### **COFRS Coding Required to Identify Subrecipient Payments**

New OMB guidance requires the state to segregate and report payments to subrecipients distinct from other payments. In order to ensure this is possible, state agencies and HEI's are required for ARRA tracking to use **only Object Codes 51xx, 5781, and 5791 for all payments to subrecipients**. Object Code 5791 should only be used for a payment to an individual when that individual is required to carry out grant compliance responsibilities. Individuals that are beneficiaries of grant dollars should not be recorded in object code 5791. Correct use of the above object codes is essential to the state's ability to report the proper amount of funds expended to subrecipients.

### **COFRS Indicator for Designating ARRA Data Reportable Under Section 1512**

Since the issuance of Alert #185, OMB has clarified its intent in excluding entitlement and nondiscretionary grants from Section 1512 reporting. States are not required to provide the 1512 data elements to the federal government for programs included in Division B of the ARRA because OMB deems the federal agency reporting of obligations to these programs as sufficient. OMB has not provided a list of these excluded programs, but instead has provided a list of programs subject to 1512 reporting; the most recently revised list (dated July 13, 2009) can be found at: [http://www.whitehouse.gov/omb/assets/memoranda\\_fy2009/m09-21-suppl.pdf](http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21-suppl.pdf). The programs list excludes Medicaid, Unemployment Insurance, and financing activity related to Build America Bonds and Qualified School Construction Bonds, and potentially other ARRA funds. Although the state does not have to report expenditures and other 1512 data elements to FederalReporting.gov for these grants, it has elected to report these expenditures on its local recovery website [www.Colorado.gov/Recovery](http://www.Colorado.gov/Recovery). As a result, COFRS coding and tracking requirements apply to Division B programs, while the CMS tracking and reporting requirements do not. In order for OIT to identify ARRA programs subject to 1512 reporting, OIT will add an indicator to the COFRS AGN2 table titled "1512 Reportable" (or similar). The field will default to "N", and must be changed to a "Y" for any reportable prime recipient or internal recipient ARRA grants. The excluded programs (Medicaid, UI, etc.) will carry "N" values in this indicator as will ARRA grants state agencies receive in a subrecipient capacity from entities outside the state's primary government.

### **No Subrecipient Record in CMS for Commitments Under \$25,000**

In order to comply with the ARRA Section 1512 data reporting requirements, payments to individuals and payments to subrecipients and vendors, where the commitment is under \$25,000, must be reported in three categories separate from total expenditures and separate from expenditures to vendors or subrecipients where the contract or grant amount is over \$25,000. One implication of this requirement that affects state agencies (except HEI's, CollegeInvest, or CDOT) is that SR contract types must not be entered into CMS for subrecipient contracts (grants) or purchase orders not exceeding \$25,000.

### **Requirement to Report Jobs and Other Nonfinancial Information to the Provider of Funds**

Prime recipients (not internal recipients or external subrecipients) are responsible for reporting estimates of jobs created or retained and related narratives at the grant ID level. Under the state's policy not to delegate reporting to subrecipients, the subrecipient's estimates of jobs created or retained and related narratives must be transmitted ultimately to the prime recipient for aggregation and reporting in the CMS Prime Recipient (PR) record. Agencies are required to gather the jobs estimates related to subrecipients' spending (including the subrecipients' vendors' job creation) along with their own jobs estimate related to their own spending (other than to the subrecipient) **and transmit this information to whomever provided the ARRA grant funds**. This information must proceed up the internal recipient chain until it reaches the prime recipient. In addition to the jobs information, there are other data elements where reporting is the prime recipient's responsibility but for which only the internal recipient can know

the information. Therefore, internal recipient state agencies must provide any ARRA Section 1512 information requested by either the prime recipient or by another internal recipient providing the ARRA funds. This policy is similar to the Circular A-133 reporting required of subrecipients. For ARRA funds, it is expected in most instances that the internal recipient chain will involve only two agencies and rarely involve three or more agencies. Because the reporting period is short, agencies should transmit this information using the most expeditious media of their choice (email, spreadsheet, etc.). Except for reporting by the prime recipients, the state will not use CMS for tracking jobs and other nonfinancial information (by internal recipients) because automated aggregation of the narrative data elements would not be meaningful, and including internal recipient jobs estimates (not related to external subrecipients) would require an additional separate contract type in CMS.